

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Cedar Creek Township</b>	County <b>Wexford</b>
Audit Date <b>3/31/06</b>	Opinion Date <b>5/26/06</b>	Date Accountant Report Submitted to State: <b>July 11, 2006</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

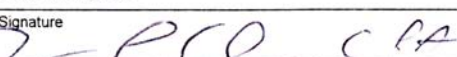
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:			
	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASL GU).			✓

Certified Public Accountant (Firm Name) <b>Baird, Cotter and Bishop, P.C.</b>			
Street Address <b>134 W. Harris Street</b>		City <b>Cadillac</b>	State <b>MI</b>
		ZIP <b>49601</b>	
Accountant Signature 			Date <b>6/21/06</b>

**CEDAR CREEK TOWNSHIP, WEXFORD COUNTY**

**MANTON, MICHIGAN**

**MARCH 31, 2006**

CEDAR CREEK TOWNSHIP, WEXFORD COUNTY  
MANTON, MICHIGAN

MARCH 31, 2006

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134 WEST HARRIS STREET  
CADILLAC, MICHIGAN 49601  
231-775-9789  
FAX: 231-775-9749

M. WAYNE BEATTIE, C.P.A.  
1902 - 1990  
JACK H. BAIRD, C.P.A.  
JERRY L. COTTER, C.P.A.  
DALE D. COTTER, C.P.A.

JOHN H. BISHOP, C.P.A.  
ROBERT V. BEATTIE, C.P.A.  
DOUGLAS P. McMULLEN, C.P.A.  
JOHN F. TAYLOR, C.P.A.  
STEVEN C. ARENDS, C.P.A.  
SCOTT A. HUNTER., C.P.A.  
JONATHAN E. DAMHOF, C.P.A.  
MICHAEL D. COOL, C.P.A.

*Baird, Cotter and Bishop, P.C.*

**CERTIFIED PUBLIC ACCOUNTANTS**

May 26, 2006

INDEPENDENT AUDITORS' REPORT

To the Township Board  
Cedar Creek Township  
Wexford County  
Manton, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cedar Creek Township, Wexford County, Manton, Michigan as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Cedar Creek Township, Wexford County, Manton, Michigan as of March 31, 2006, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note I, the Township has implemented a new financial reporting model as required by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* as of April 1, 2004.

The management's discussion and analysis on pages iii through ix and budgetary comparison information on page 19 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cedar Creek Township, Wexford County, Manton, Michigan's basic financial statements. The individual fund statements and other supplementary information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

CEDAR CREEK TOWNSHIP, WEXFORD COUNTY  
MANTON, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2006

Cedar Creek Township, a general law township located in Wexford County has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Cedar Creek Township board's discussion and analysis of the financial results for the fiscal year ended March 31, 2006.

**Financial Highlights**

- ◆ The assets of the Township exceeded its liabilities at the close of the fiscal year by \$872,742. Of this amount, \$376,378 may be used to meet the township's ongoing obligations to citizens and creditors.
- ◆ As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$484,185. About 73.3% is available for spending at the Township's discretion.
- ◆ The Township is not obligated under any long-term debt as of March 31, 2006.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components. 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements** The government-wide financial statements, required by GASB 34, are new and being shown for the first time in 2006 for Cedar Creek Township. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business. These statements are calculated using full accrual accounting and more closely represent those presented by business and industry. The entire Township's assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation.

The *Statement of Net Assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *Statement of Activities* presents information showing how the Township's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

CEDAR CREEK TOWNSHIP, WEXFORD COUNTY  
MANTON, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2006

Both of the government-wide financial statements distinguish functions of the Township's that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government and administration, public safety, public works, and other functions. The Township does not have any business-type activities.

**Fund Financial Statements**

For the most part, the fund financial statements are comparable to prior years' financial statements. The primary difference is that the Account Groups (General Fixed Assets and General Long-Term Debt) are no longer reported. The fund level statements are reported on a modified accrual basis in that only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

***Governmental Funds*** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statement the governmental fund statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statement, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information**

In addition to the basic financial statements, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

**Government-Wide Financial Analysis**

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the Township's financial position over

CEDAR CREEK TOWNSHIP, WEXFORD COUNTY  
MANTON, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2006

time. The Net Assets of the Township are \$872,742 at March 31, 2006, meaning the Township's assets were greater than its liabilities by this amount.

**Cedar Creek Township**  
**Net Assets as of March 31, 2006**

	<b>Governmental Activities</b>
<b>Assets</b>	
Current Assets	\$ 515,338
Non Current Assets	
Capital Assets	487,752
Less: Accumulated Depreciation	120,683
	<hr/>
Total Non Current Assets	367,069
	<hr/>
<b>Total Assets</b>	\$ 882,407
	<hr/> <hr/>
<b>Liabilities</b>	
Current Liabilities	\$ 9,665
	<hr/>
<b>Net Assets</b>	
Invested in Capital Assets	367,069
Restricted for Specific Purposes	129,295
Unrestricted	376,378
	<hr/>
<b>Total Net Assets</b>	872,742
	<hr/>
<b>Total Liabilities and Net Assets</b>	\$ 882,407
	<hr/> <hr/>

The most significant portions of the Township's Net Assets are cash and investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others). The Township is not responsible for any long-term debt as of March 31, 2006. Other liabilities are minimal as of March 31, 2006.

At the end of the current fiscal year, the Township is able to report positive balances in all categories of net assets for the government as a whole.



CEDAR CREEK TOWNSHIP, WEXFORD COUNTY  
MANTON, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2006

The following table illustrates and summarizes the results of the change in the net assets for the Township. The condensed information was derived from the government-wide Statement of Activities.

**Cedar Creek Township**  
**Change in Net Assets**  
**for the Fiscal Year Ended March 31, 2006**

	<b><u>Governmental Activities</u></b>
<b><u>Revenues</u></b>	
<b>Program Revenues</b>	
Charges for Services	\$ 38,189
Capital Grants and Contributions	4,500
<b>General Revenues</b>	
Taxes	47,529
Licenses and Permits	8,816
State Grants	105,360
Interest Earnings	8,990
Gain on Sale of Capital Assets	4,950
Other	<u>7,028</u>
<b>Total Revenues</b>	<u>225,362</u>
<b><u>Expenses</u></b>	
Legislative	28,842
General Government	89,239
Public Safety	58,333
Public Works	240
Health and Welfare	1
Other Functions	<u>4,614</u>
<b>Total Expenses</b>	<u>181,269</u>
Change in Net Assets	44,093
NET ASSETS - Beginning of Year	<u>828,649</u>
NET ASSETS - End of Year	<u><u>\$ 872,742</u></u>

CEDAR CREEK TOWNSHIP, WEXFORD COUNTY  
MANTON, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2006

**Governmental Activities**

During the fiscal year ended March 31, 2006, the Township's net assets increased by \$44,093 or 5.3% in the governmental funds. GASB 34 now requires the Township to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

A significant portion of the revenue for all governmental activities of Cedar Creek Township comes from Taxes and state shared revenues. The Township levied 0.8517 mills for operating purposes.

State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation of portions of the State sales tax.

The Township's governmental activities expenses are dominated by general governmental expenses that total 49.2% of total expenses. The Township spent \$89,239 in fiscal year 2006 on general governmental expenses. Public Safety represented the next largest expense at \$58,333, or 32.2% of total expenses. Expenses for salaries and contracted services represent a large portion of the general governmental expenses at \$48,032. Depreciation expense totaled \$34,332. Of the total depreciation expense of \$34,332, \$1,560 was charged to General Government, \$32,532 was charged to Public Safety and \$240 was charged to Public Works.

**Financial Analysis of the Government's Funds**

***Governmental Funds*** The focus of Cedar Creek Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirement. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, Cedar Creek Township's governmental funds reported combined ending fund balances of \$484,185. Approximately 73.3% or \$354,890 constitutes unreserved fund balance. The remainder of the fund balance is reserved for specific purposes and is therefore not available for new appropriation. For example, the fund balance that is reserved for public health, safety and welfare must be used for expenditures that relate to public health, safety and welfare.

**General Fund** – The General Fund decreased its fund balance by \$39,440 which brings the fund balance to \$357,188. Of the total fund balance of \$357,188, \$2,298 is reserved for cemetery perpetual care. All of the General Fund's functions, except General Government and Public Works, ended the year with expenditures below budgeted amounts. The differential was funded by greater than expected revenues. Property taxes amounted to \$29,877. State shared revenues were collected in the amount of \$102,409.

**Impact Fee Fund** – The Impact Fee Fund decreased its fund balance by \$25,822 which brings the fund balance to \$126,997. This balance is reserved and must be used for public health, safety and welfare.

CEDAR CREEK TOWNSHIP, WEXFORD COUNTY  
MANTON, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2006

**Capital Assets and Debt Administration**

**Capital Assets.** The Township's investment in capital assets for governmental and business-type activities as of March 31, 2006 amounted to \$367,069 net of accumulated depreciation.

Capital assets summarized below include any items purchased with a cost greater than \$2,000 individually and that have a useful life greater than one year. A summary of capital asset categories is illustrated below:

**Cedar Creek Township**  
**Capital Assets as of March 31, 2006**

	<b>Governmental Activities</b>
Buildings	\$ 40,000
Public Domain Infrastructure	11,522
Equipment	51,421
Vehicles	384,809
	<hr/> 487,752
Less Accumulated Depreciation	<hr/> 120,683
<b>Net Capital Assets</b>	<hr/> <hr/> \$ 367,069

Major capital asset events during the current fiscal year included:

- A John Deere mower was purchased at a total cost of \$5,601.
- A voting machine was purchased with a grant from the State of Michigan at a total cost of \$4,500.
- 14-1/4 Road was paved at a cost of \$11,522.
- The fire department purchased a pumper truck at a total cost of \$132,809.

**Long-Term Debt.** Cedar Creek Township has no obligation for any long-term debt as of March 31, 2006.

**Economic Condition and Outlook**

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means potential further reductions in state-shared revenues.

These factors were considered in preparing the Township's budgets for the 2006-07 fiscal year.

CEDAR CREEK TOWNSHIP, WEXFORD COUNTY  
MANTON, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2006

**Request for Information**

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need any additional information, contact Cedar Creek Township at 6670 East 14 Road, Manton, Michigan 49663.

CEDAR CREEK TOWNSHIP, WEXFORD COUNTY  
MANTON, MICHIGAN

STATEMENT OF NET ASSETS  
MARCH 31, 2006

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash	\$ 453,184
Receivable	
External Party (Fiduciary Fund)	278
Due from Other Governments	<u>61,876</u>
Total Current Assets	<u>515,338</u>
 <u>CAPITAL ASSETS</u>	
Buildings	40,000
Public Domain Infrastructure	11,522
Equipment	51,421
Vehicles	<u>384,809</u>
	487,752
Less Accumulated Depreciation	<u>120,683</u>
Net Capital Assets	<u>367,069</u>
 TOTAL ASSETS	 <u><u>\$ 882,407</u></u>
 <u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$ 3,036
Payroll Taxes and Withholdings	868
Due to Other Governments	<u>5,761</u>
Total Current Liabilities	<u>9,665</u>
 <u>NET ASSETS</u>	
Invested in Capital Assets	367,069
Restricted	
Public Health, Safety and Welfare	126,997
Cemetery Perpetual Care	2,298
Unrestricted	<u>376,378</u>
TOTAL NET ASSETS	<u><u>\$ 872,742</u></u>

The accompanying notes are an integral part of the financial statements.

CEDAR CREEK TOWNSHIP, WEXFORD COUNTY  
MANTON, MICHIGAN

STATEMENT OF ACTIVITIES  
YEAR ENDED MARCH 31, 2006

					NET (EXPENSES) REVENUES AND CHANGE IN NET ASSETS TOTAL GOVERNMENTAL ACTIVITIES
FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
<u>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</u>					
Legislative	\$ 28,842	\$ 0	\$ 0	\$ 0	\$ (28,842)
General Government	89,239	6,522	0	4,500	(78,217)
Public Safety	58,333	31,667	0	0	(26,666)
Public Works	240	0	0	0	(240)
Health and Welfare	1	0	0	0	(1)
Other Functions	4,614	0	0	0	(4,614)
Total Governmental Activities	\$ 181,269	\$ 38,189	\$ 0	\$ 4,500	(138,580)
<u>GENERAL REVENUES</u>					
					47,529
					8,816
					105,360
					8,990
					4,950
					7,028
					182,673
					44,093
					828,649
					\$ 872,742

The accompanying notes are an integral part of the financial statements.

CEDAR CREEK TOWNSHIP, WEXFORD COUNTY

MANTON, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET

MARCH 31, 2006

	GENERAL FUND	LANDFILL IMPACT FEE FUND	TOTALS
<u>ASSETS</u>			
Cash	\$ 342,050	\$ 111,134	\$ 453,184
Due from Other Governments	24,525	37,351	61,876
Due from Other Funds	278	0	278
Total Assets	<u>\$ 366,853</u>	<u>\$ 148,485</u>	<u>\$ 515,338</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 3,036	\$ 0	\$ 3,036
Payroll Taxes and Withholdings	868	0	868
Deferred Revenue	0	21,488	21,488
Due to Other Governments	5,761	0	5,761
Total Liabilities	<u>9,665</u>	<u>21,488</u>	<u>31,153</u>

FUND BALANCE

Reserved			
Public Health, Safety, and Welfare	0	126,997	126,997
Cemetery Perpetual Care	2,298	0	2,298
Unreserved			
Designated for:			
Budget Stabilization	230,000	0	230,000
Roads	38,500	0	38,500
Fire Department	12,500	0	12,500
Building Improvements	10,000	0	10,000
Cemetery	13,000	0	13,000
Undesignated	50,890	0	50,890
Total Fund Balance	<u>357,188</u>	<u>126,997</u>	<u>484,185</u>

TOTAL LIABILITIES AND  
FUND BALANCE

\$ 366,853	\$ 148,485	\$ 515,338
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The accompanying notes are an integral part of the financial statements.

CEDAR CREEK TOWNSHIP, WEXFORD COUNTY  
MANTON, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
MARCH 31, 2006

Total Fund Balances for Governmental Funds	\$	484,185
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Amounts Reported for Governmental Activities in the  
Statement of Net Assets are Different Because:

Capital assets used in governmental activities are not  
financial resources and therefore are not reported in the funds.

Buildings	\$	40,000	
Public Domain Infrastructure		11,522	
Equipment		51,421	
Vehicles		384,809	
Accumulated Depreciation		<u>(120,683)</u>	367,069

Other long-term assets are not available to pay for current period  
expenditures and therefore are not reported in the funds.

Deferred Revenue - Due from Other Governments		<u>21,488</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u><u>872,742</u></u>
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The accompanying notes are an integral part of the financial statements.



CEDAR CREEK TOWNSHIP, WEXFORD COUNTY

MANTON, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED MARCH 31, 2006

	GENERAL FUND	IMPACT FEE FUND	TOTALS
<u>REVENUES</u>			
Taxes	\$ 47,529	\$ 0	\$ 47,529
Licenses and Permits	8,816	0	8,816
State Grants	109,860	0	109,860
Contributions from Local Units	0	42,411	42,411
Charges for Services	6,122	0	6,122
Interest and Rents	6,380	3,010	9,390
Other Revenues	11,979	0	11,979
	<hr/>	<hr/>	<hr/>
Total Revenues	190,686	45,421	236,107
	<hr/>	<hr/>	<hr/>
<u>EXPENDITURES</u>			
Legislative	28,842	0	28,842
General Government	97,780	0	97,780
Public Safety	158,610	0	158,610
Public Works	11,522	0	11,522
Health and Welfare	0	1	1
Other Functions	4,614	0	4,614
	<hr/>	<hr/>	<hr/>
Total Expenditures	301,368	1	301,369
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	(110,682)	45,420	(65,262)
	<hr/>	<hr/>	<hr/>
<u>OTHER FINANCING SOURCES(USES)</u>			
Transfers In	71,242	0	71,242
Transfers Out	0	(71,242)	(71,242)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	71,242	(71,242)	0
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	(39,440)	(25,822)	(65,262)
	<hr/>	<hr/>	<hr/>
<u>FUND BALANCE</u> - Beginning of Year	396,628	152,819	549,447
	<hr/>	<hr/>	<hr/>
<u>FUND BALANCE</u> - End of Year	\$ 357,188	\$ 126,997	\$ 484,185
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of the financial statements.

CEDAR CREEK TOWNSHIP, WEXFORD COUNTY  
MANTON, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
MARCH 31, 2006

Net change in Fund Balance - Total Governmental Funds	\$ (65,262)
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlay as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation.	
Depreciation Expense	(34,332)
Capital Outlay	154,432
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in due from other governments deferred using the modified accrual method	<u>(10,745)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 44,093</u></u>

The accompanying notes are an integral part of the financial statements.

CEDAR CREEK TOWNSHIP, WEXFORD COUNTY  
MANTON, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS  
MARCH 31, 2006

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash	\$ 450
	<hr/>
<u>LIABILITIES</u>	
Due to General Fund	\$ 278
Due to Other Governments	172
Total Liabilities	<hr/> \$ 450 <hr/>

The accompanying notes are an integral part of the financial statements.

CEDAR CREEK TOWNSHIP, WEXFORD COUNTY  
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Cedar Creek Township is a general law township located in Wexford County which operates under the direction of an elected township board. Under the criteria established by accounting principles generally accepted in the United States of America, the Township has determined that there are no component units which should be included in its reporting entity.

**B. Government-wide and Fund Financial Statements**

During fiscal year 2005, the Township adopted GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statements No. 37 and No. 38, and applied those standards on a retroactive basis. GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

*Invested in Capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed by creditors, grantors, and contributions, or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets which do not meet the definition of the two preceding categories.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide focus is more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements are similar to the financial statements presented in the previous financial reporting model.

CEDAR CREEK TOWNSHIP, WEXFORD COUNTY  
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, interest and special assessments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current period is considered to be susceptible to accrual as revenue of the current period. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the Township are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Cedar Creek Township reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Landfill Impact Fee Fund* accounts for revenue sources that are legally restricted to expenditure for public health, safety and welfare.

CEDAR CREEK TOWNSHIP, WEXFORD COUNTY  
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

Additionally, Cedar Creek Township reports the following fund types:

*Agency funds* are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the Township holds for others in an agency capacity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions involved. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use the restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities and Equity**

***1. Deposits and Investments***

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of twelve months or less from date of acquisition.

I. The Township authorizes the Township Treasurer to invest funds as follows:

- a. In bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (II.).

CEDAR CREEK TOWNSHIP, WEXFORD COUNTY  
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

- c. In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
  - d. In repurchase agreements consisting of instruments listed in subdivision (a).
  - e. In bankers' acceptances of United States banks.
  - f. In obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service.
  - g. In mutual funds registered under the investment company act of 1940, title I of chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. This authorization is limited to securities whose intention is to maintain a net asset value of \$1.00 per share.
  - h. In obligations described in subdivisions (a) through (g) if purchased through an Interlocal Agreement under the Urban Cooperation Act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
  - i. In investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, MCL 129.111 to 129.118.
- II. A public corporation that invests its funds under subsection (I) shall not deposit or invest the funds in a financial institution that is not eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States.
- III. Assets acceptable for pledging to secure deposits of public funds are limited to assets authorized for direct investment under subsection (I).
- IV. As used in this section "financial institution" means a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this state under the laws of this state or the United States.

**2. *Receivables and Payables***

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

CEDAR CREEK TOWNSHIP, WEXFORD COUNTY  
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes attach as an enforceable lien on the property as of the date they are levied. State education taxes and one-third of county taxes are levied and due July 1, and become delinquent after September 14. The remaining millages are levied and due December 1, and become delinquent after February 14. Collections of taxes and remittances of them are accounted for in the Current Tax Collection Fund. Township property tax revenues are recognized when they become both measurable and available for use to finance Township operations. Amounts which are not expected to be collected within sixty days are treated as deferred revenues.

The 2005 taxable valuation of Cedar Creek Township totaled \$35,019,046, on which ad valorem taxes levied consisted of 0.8517 mills for Cedar Creek Township operating purposes. The levy raised approximately \$29,877 for operating purposes.

**3. *Inventories and Prepaid Items***

Inventories are not significant and are expensed as required.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**4. *Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the government are depreciated using the straight line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	50
Land improvements	20
Building improvements	20
Public Domain infrastructure	20
Vehicles	10
Equipment	5-10



CEDAR CREEK TOWNSHIP, WEXFORD COUNTY  
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

Cedar Creek Township qualifies as a phase 3 governmental unit in regards to the implementation of GASB 34. Phase 3 governmental units are not required to retroactively capitalize infrastructure. As a result, the Township will capitalize and depreciate infrastructure beginning April 1, 2004, in accordance with the Township's capitalization policy.

**5. *Long-term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**6. *Fund Equity***

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**7. *Use of Estimates***

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. *Budgetary Information***

The annual budget is adopted on the modified accrual basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts are as originally adopted on March 15, 2005, or as amended by the Township Board from time to time throughout the year.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

CEDAR CREEK TOWNSHIP, WEXFORD COUNTY  
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is, at present, not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

**B. Funds with expenditures in excess of appropriations were as follows:**

	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>
Impact Fee Fund	\$ 0	\$ 1

These overages were funded by greater than anticipated revenues and available fund balance.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

The Township's deposits are owned by several of the Township's funds. Bank deposits are in Citizens Bank, Forest Area Federal Credit Union and National City Bank. At year-end, the carrying amount of the Township's deposits was \$453,634 and the bank balance was \$453,800. Of the bank balance, \$377,793 was covered by Federal depository insurance and \$76,007 was uninsured and uncollateralized.

*Investment rate risk.* The Township will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the Township's cash requirement.

*Foreign currency risk.* The Township is not authorized to invest in investments, which have this type of risk.

*Credit risk.* The Township will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the Township's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the Township will do business in accordance with the Township's investment policy.

*Concentration of credit risk.* The Township will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of March 31, 2006, of the Township's bank balance of \$453,800, \$76,007 was exposed to custodial credit risk because it was uninsured and uncollateralized.

CEDAR CREEK TOWNSHIP, WEXFORD COUNTY  
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township's investments are categorized to give an indication of the level of risk assumed by the Township at year end. Category 1 includes investments that are insured or registered, or securities held by the Township or the Township's agent in the Township's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the Township's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the Township's name. At year end, the Township held no investments.

**B. Receivables**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Landfill Fees Earned, But Not Yet Received	\$ 21,488	\$ 0

**C. Capital Assets**

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, being depreciated				
Buildings	\$ 40,000	\$ 0	\$ 0	\$ 40,000
Public Domain Infrastructure	0	11,522	0	11,522
Equipment	41,320	10,101	0	51,421
Vehicles	252,000	132,809	0	384,809
Total capital assets, being depreciated	333,320	154,432	0	487,752
Less accumulated depreciation for:				
Buildings	21,983	760	0	22,743
Public Domain Infrastructure	0	240	0	240
Equipment	16,576	3,692	0	20,268
Vehicles	47,792	29,640	0	77,432
Total accumulated depreciation	86,351	34,332	0	120,683
Governmental activities capital assets, net	\$ 246,969	\$ 120,100	\$ 0	\$ 367,069

CEDAR CREEK TOWNSHIP, WEXFORD COUNTY  
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General Government	\$ 1,560
Public Safety	32,532
Public Works	<u>240</u>
	<u>\$ 34,332</u>

Construction Commitments:

The government has no outstanding construction commitments as of March 31, 2006.

**D. Interfund Receivables, Payables and Transfers**

Individual fund interfund receivable and payable balances at March 31, 2006, were:

<u>Fund</u>	INTERFUND RECEIVABLES DUE FROM'S	INTERFUND PAYABLES DUE TO'S
General Fund	\$ 278	\$ 0
Fiduciary Funds		
Current Tax Collection Fund	<u>0</u>	<u>278</u>
	<u>\$ 278</u>	<u>\$ 278</u>

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All are expected to be resolved within one year.

Interfund Transfers as of March 31, 2006 were:

<u>Primary Government</u>	IN	TRANSFERS OUT
General Fund	\$ 71,242	\$ 0
Impact Fee Fund	<u>0</u>	<u>71,242</u>
	<u>\$ 71,242</u>	<u>\$ 71,242</u>

Transfers are used (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CEDAR CREEK TOWNSHIP, WEXFORD COUNTY  
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

The transfers were used to pay for a Township fire truck and to pay for the Township clean-up day. Both items are allowable uses of landfill impact fees.

**E. Long-Term Debt**

At March 31, 2006, the Township was not obligated for any long-term debt.

**F. Fund Balance Reserves and Designations**

In order to comply with generally accepted accounting principles and meet certain legal requirements, the Township has reserved fund balances/retained earnings in various funds. In addition, certain portions of unreserved fund balances/retained earnings have been designated for intended future uses. These reserves and designations are detailed in the following schedule:

NET ASSETS

Restricted

General Fund

Cemetery Perpetual Care \$ 2,298

Special Revenue Funds

Special Purposes 126,997

\$ 129,295

FUND BALANCE

Reserved

General Fund

Cemetery Perpetual Care \$ 2,298

Special Revenue Funds

Landfill Impact Fee Fund

Public Health, Safety, and Welfare 126,997

Designated

General

Designated for Budget Stabilization \$ 230,000

Designated for Roads 38,500

Designated for Fire Department 12,500

Designated for Building Improvements 10,000

Designated for Cemetery 13,000 304,000

TOTAL FUND BALANCE

RESERVES AND DESIGNATIONS \$ 433,295

CEDAR CREEK TOWNSHIP, WEXFORD COUNTY  
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

**IV. OTHER INFORMATION**

**A. Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, workers compensation insurance and errors and omissions insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continues to carry insurance for other risks of loss, including fidelity bonds.

**B. Due from Other Governments**

Amounts due from other governments consists of \$24,525 in state-shared revenues and \$37,351 in Wexford County impact fees.

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CEDAR CREEK TOWNSHIP, WEXFORD COUNTY  
MANTON, MICHIGAN  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED MARCH 31, 2006

	GENERAL FUND				IMPACT FEE FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<u>REVENUES</u>								
Taxes	\$ 40,300	\$ 40,300	\$ 47,529	\$ 7,229	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	9,500	9,500	8,816	(684)	0	0	0	0
State Grants	102,000	102,000	109,860	7,860	0	0	0	0
Charges for Services	8,500	8,500	6,122	(2,378)	0	0	0	0
Interest and Rents	3,725	3,725	6,380	2,655	0	0	3,010	3,010
Other Revenues	8,200	8,200	11,979	3,779	0	0	42,411	42,411
Total Revenues	172,225	172,225	190,686	18,461	0	0	45,421	45,421
<u>EXPENDITURES</u>								
Legislative								
Township Board	26,150	31,392	28,842	2,550	0	0	0	0
General Government								
Supervisor	10,700	10,700	9,955	745	0	0	0	0
Assessor	16,500	16,500	14,342	2,158	0	0	0	0
Elections	1,140	1,140	4,721	(3,581)	0	0	0	0
Clerk	13,300	14,800	14,405	395	0	0	0	0
Board of Review	800	905	902	3	0	0	0	0
Treasurer	21,100	22,100	21,408	692	0	0	0	0
Building and Grounds	5,500	5,655	5,378	277	0	0	0	0
Building Inspection	9,350	9,090	7,058	2,032	0	0	0	0
Cemetery	15,600	15,600	19,611	(4,011)	0	0	0	0
Public Safety	32,350	162,132	158,610	3,522	0	0	0	0
Public Works	2,735	5,762	11,522	(5,760)	0	0	0	0
Health and Welfare	0	0	0	0	0	0	1	(1)
Other Functions	17,000	17,000	4,614	12,386	0	0	0	0
Total Expenditures	172,225	312,776	301,368	11,408	0	0	1	(1)
Excess (Deficiency) of Revenues Over Expenditures	0	(140,551)	(110,682)	29,869	0	0	45,420	45,420
<u>OTHER FINANCING SOURCES (USES)</u>								
Transfers In	0	140,551	71,242	(69,309)	0	0	0	0
Transfers Out	0	0	0	0	0	0	(71,242)	(71,242)
Total Other Financing Sources (Uses)	0	140,551	71,242	(69,309)	0	0	(71,242)	(71,242)
Net Change in Fund Balance	0	0	(39,440)	(39,440)	0	0	(25,822)	(25,822)
<u>FUND BALANCE - Beginning of Year</u>	396,628	396,628	396,628	0	0	0	152,819	152,819
<u>FUND BALANCE - End of Year</u>	\$ 396,628	\$ 396,628	\$ 357,188	\$ (39,440)	\$ 0	\$ 0	\$ 126,997	\$ 126,997

CEDAR CREEK TOWNSHIP, WEXFORD COUNTY  
MANTON, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
YEAR ENDED MARCH 31, 2006

	<u>BALANCE</u>			<u>BALANCE</u>
	<u>4/1/2005</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>3/31/2006</u>
	<hr/>			
	<u>ASSETS</u>			
Cash	\$ 630	\$ 1,079,279	\$ 1,079,459	\$ 450
	<hr/>			
	<u>LIABILITIES</u>			
Due to Other Funds	453	39,437	39,612	278
Due to Other Organizations and Individuals	0	3,591	3,591	0
Due to Other Governments	177	1,035,462	1,035,467	172
	<hr/>			
Total Liabilities	\$ 630	\$ 1,078,490	\$ 1,078,670	\$ 450
	<hr/> <hr/>			



CEDAR CREEK TOWNSHIP, WEXFORD COUNTY  
MANTON, MICHIGAN

STATEMENT OF 2005 TAX ROLL  
MARCH 31, 2006

TAXES ASSESSED

County	\$ 566,022	
Township	29,877	
Schools		
Manton Consolidated Schools	433,972	
Intermediate Schools		
Wexford-Missaukee	<u>209,159</u>	\$ 1,239,030

TAXES COLLECTED

County	498,430	
Township	25,471	
Schools		
Manton Consolidated Schools	360,682	
Intermediate Schools		
Wexford-Missaukee	<u>178,310</u>	<u>1,062,893</u>

TAXES RETURNED DELINQUENT

County	67,592	
Township	4,406	
Schools		
Manton Consolidated Schools	73,290	
Intermediate Schools		
Wexford-Missaukee	<u>30,849</u>	<u>\$ 176,137</u>

134 WEST HARRIS STREET  
CADILLAC, MICHIGAN 49601  
231-775-9789  
FAX: 231-775-9749

M. WAYNE BEATTIE, C.P.A.  
1902 - 1990  
JACK H. BAIRD, C.P.A.  
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*Baird, Cotter and Bishop, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

May 26, 2006

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board  
Cedar Creek Township  
Wexford County  
Manton, Michigan

During the course of our audit of the financial statements of Cedar Creek Township for the year ended March 31, 2006, we noted the following items:

Property Tax Administration Fee

The Township is charging a property tax administration fee. The Township has determined that authorized costs of tax collection will be repeatedly in excess of revenue generated by the administration fee but has not formally taken action to write off this loss. We recommend that the Township keep subsidiary records which reflect property tax administration fee collections and costs and that the Board pass a motion to write off the loss annually.

Budgeting

The Public Act 621 states that the budget document that the Township adopts include the following financial information.

The actual results from the prior year

An estimate of the current year results

The proposed budget for the upcoming year

Amounts for contingencies, if appropriate

The amount of fund balance accumulated through the end of the current year, and the amount expected at the end of the upcoming year, after applying the budgeted receipts and disbursements.

The Township board is also responsible for amending the budget during the year to allow for expenditures in excess of original appropriations, or to reduce appropriations if it appears the actual expenditures will be much less than originally appropriated.

The adoption of the budgets for each fund, both the General Fund and the Landfill Impact Fee Fund, should be clearly noted in the board minutes, as well as any amendments to the budget throughout the year.

GASB 34

The Government Accounting Standards Board has issued Statement #34. We have assisted the Township with complying with the GASB 34 requirements of the State of Michigan and GASB. The financial statements are quite different as a result of this drastic change. We recommend the board review the new financial statements, and we are available to help explain the changes in detail, if needed.

We would like to thank the board for its confidence in our firm and thank the township clerk and treasurer for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

134 WEST HARRIS STREET  
CADILLAC, MICHIGAN 49601  
231-775-9789  
FAX: 231-775-9749

M. WAYNE BEATTIE, C.P.A.  
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**CERTIFIED PUBLIC ACCOUNTANTS**

May 26, 2006

LETTER OF REPORTABLE CONDITIONS

To the Township Board  
Cedar Creek Township  
Wexford County  
Manton, Michigan

In planning and performing our audit of the basic financial statements of Cedar Creek Township, Wexford County, Manton, Michigan for the year ended March 31, 2006, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the basic financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*